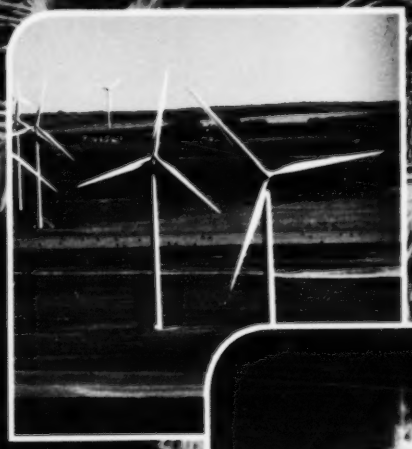

MANITOBA BUDGET '08

OPPORTUNITY AND STABILITY

Moving Forward on Manitobans' Priorities

Speech

Manitoba

2008-06106/

The 2008 Manitoba Budget Address

Honourable Gregory F. Selinger
Minister of Finance
April 9, 2008

Manitoba

This document is available on the Internet at http://www.gov.mb.ca/finance

Information available at this site includes:

- Budget 2008
- Budget Papers
  - A The Economy
  - B Supplementary Financial Information
  - C Taxation Adjustments
  - D The Manitoba Advantage
  - E From Research to Innovation
  - F Supporting Manitoba's Children and Families
- Estimates of Expenditure and Revenue for the Fiscal Year Ending March 31, 2009
- Budget in Brief
- Tax News
- Facts for Investors
- Financial Reports
- Economic Highlights
- Economic Statistics

Ce document peut être consulté en français sur l'Internet à l'adresse suivante :

http://www.gov.mb.ca/finance/index.fr.html

Les documents offerts en français sur ce site comprennent:

- Le discours du Budget 2008
- Les avantages du Manitoba (Rapport supplémentaire du Budget)
- À l'appui des enfants et des familles du Manitoba (Rapport supplémentaire du Budget)
- Le Budget des dépenses et des recettes pour l'exercice se terminant le 31 mars 2009
- Budget en bref
- Le Bulletin de nouvelles fiscales
- Investir au Manitoba
- Rapports financiers
- Fait saillants de l'activité économique
- Statistiques économiques

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Printed on recycled paper

ISSN 0380-4488

THE 2008 MANITOBA BUDGET ADDRESS

CONTENTS

Education 2

Skills Strategy 5

Supporting Innovation 6

Infrastructure 7

Water Protection 8

Climate Change 9

Healthy Manitobans 10

Healthy Families 14

Healthy Children 14

Arts and Culture 15

Safer Communities 16

Rural Manitoba 17

Northern Manitoba 18

Aboriginal Economic Development 19

Urban Centres 19

Fiscal Plan 21

Summary Budget Outlook 22

Keeping Manitoba Affordable 23

Conclusion 26

Mr. Speaker and Members of the Legislative Assembly, it is my honour to present Budget 2008, our government's ninth consecutive balanced budget.

Manitoba is a province that is enjoying more success today than it has in decades. Eight years of solid economic growth, strategic public investments and prudent fiscal management have combined to produce greater prosperity for Manitobans and their families.

The foundation of our economy is rock solid: our population is growing, industries are profitable, unemployment remains low, and our cost of living continues to be affordable. More young people are going to college and university, and a growing number are choosing to put down roots here.

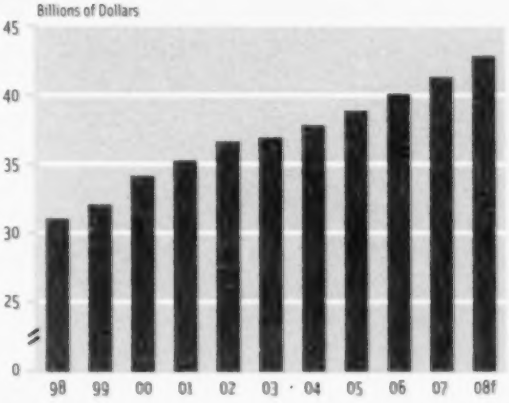
When *Moneysense* magazine ranked 123 of Canada's cities on the basis of both economic and quality of life factors, three Manitoba cities placed in the top 25. That is more than any province other than Ontario.

The strength of our economy is a tribute to every Manitoban. Each and every day, our government is working with Manitobans - helping to build a strong economy by putting people first and managing our resources responsibly.

Our government invests in Manitobans' priorities – health care, education, infrastructure, public safety, and environmental protection. For eight years, we have invested wisely, managed the public debt, reduced taxes, and encouraged growth in the economy. Budget 2008 continues this balanced approach, building upon our successes and preparing our province for the future.

We are preparing for the future because there are challenges ahead of us. We cannot ignore events in the global economy. The competition for skilled labour is fierce, the high dollar challenges our export industries, and the slowdown in the U.S. economy threatens to limit growth around the world.

Real GDP



f - Forecast

Sources: Manitoba Bureau of Statistics and Conference Board of Canada

These global economic threats are real. But Manitoba is well-positioned to meet these challenges head-on.

Mr. Speaker, our diverse economy, our enterprising business community, our hard-working and highly trained workforce, and our government's sound economic strategies will ensure that we meet these challenges.

"The Manitoba economy will fire on all cylinders again this year."

Conference Board of Canada, March 2008

The strength of our economy in 2007 is reflected in the statistics:

- the economy grew by 3% overall in 2007, outpacing Canada for the second consecutive year;
- population increase was the highest in 25 years, driven by exceptional levels of immigration and the best interprovincial migration numbers in almost a quarter century;
- employment grew 1.6%, as the employment rate and labour force participation rate reached all-time highs;
- average weekly earnings grew 4.2%, stronger than Canada and the highest increase in almost 20 years;

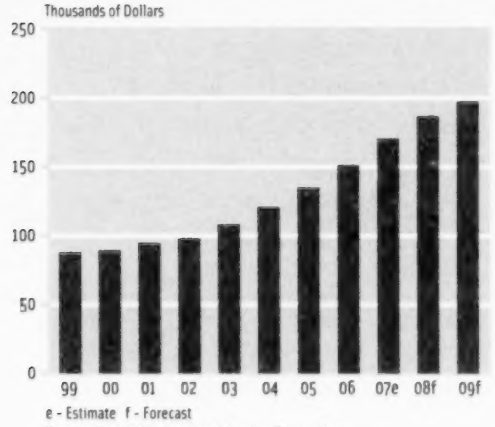
- housing starts were up by 14%, well above the modest gains for Canada;
- retail sales rose 9.5%, second highest in Canada;
- farm receipts increased 18%, almost double the national growth;
- capital investment grew 17%, and is expected to grow a further 19% in 2008;
- private investment grew 9.5% and Manitoba will lead the country with a 22% jump in 2008; and
- foreign exports increased 13%, even as national exports increased by only 2%, with strong gains to all major markets.

The development of clean, renewable energy continues to be a central part of our long-term vision to build the economy. Electricity exports are forecast to produce $5.5 billion in revenues over the next 10 years.

While growth may slow due to changing conditions in the Canadian and world economies, Mr. Speaker, our economy is still predicted to grow by 2.7% in 2008, well above the 1.9% predicted for Canada.

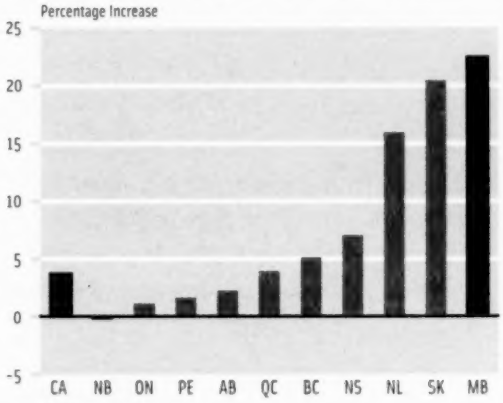
In the face of more uncertain economic times ahead, our government's strategy will be to focus on maintaining the gains we have made, holding steady to the same course that has served Manitoba so well.

Manitoba Average Residential Resale Price



e - Estimate f - Forecast
Source: Canada Mortgage and Housing Corporation

Planned Private Capital Investment, 2008



Source: Statistics Canada

Today's budget will support our province as it continues to grow and prepare for the future. The budget reflects our commitments to move forward on:

- delivering quality health care and promoting healthy living;
- promoting a cleaner, healthier environment;
- implementing new education and training opportunities for young people here at home;
- providing safer communities;
- keeping Manitoba affordable;
- developing our clean energy advantage for the benefit of all Manitobans; and
- building our economy, building our communities.

Education

Manitoba's economic strategy begins with a comprehensive education and skills development plan. Post-secondary education equips our young people to seize the opportunities our growing economy offers.

Our strategy to ensure post-secondary education will meet the demands of the future rests on three pillars: affordability, accessibility, and excellence.

Mr. Speaker, Manitoba is the most affordable place to get an education in Canada. Since 1999, our government has kept education affordable:

- reducing tuition fees 10% and holding them at that level while providing offsetting funding increases to post-secondary institutions;
- increasing student assistance by $166 million since 1999, including reinstating the Manitoba bursaries which were cut in 1993; and
- introducing tax credits to help offset tuition costs for graduates.

These education policies are delivering results:

- enrolments are up by one-third since 1999;
- student debt is down by 26% ; and
- Manitoba now has the lowest student debt levels outside Quebec.

We have a detailed plan to maintain affordability in the coming years.

Prior to 1999, tuition fees rose more than 150% in 10 years. The potential exists for this to happen again. Increases as high as 80% within three years have been seen in other jurisdictions where tuition freezes have been eliminated.

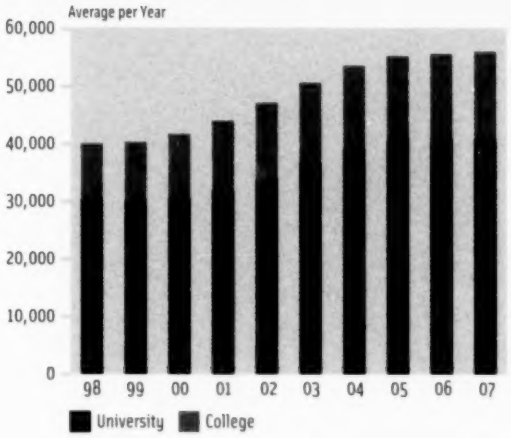
Mr. Speaker, our government will not let that happen. Today's budget extends the 10% tuition reduction for one more year and provides offsetting funding increases to the universities and colleges. Beginning September 2009, there will be a gradual increase in tuition fees back to the 1999 level.

Starting next year, we will also begin to raise student financial assistance by $8 million over the coming years to ensure that post-secondary education remains affordable. Programs specifically aimed at improving affordability for rural and northern students will be included.

Today's budget further improves affordability by reducing the interest charged on student loans by 1%.

To encourage graduates to put down roots and start their careers here in Manitoba, we now offer the most attractive tax environment for new graduates in all of

Post-Secondary Enrolment



Note: Dates are for the fiscal year ending March 31

Source: Council on Post-Secondary Education

Canada. The new Tuition Fee Income Tax Rebate returns 60% of eligible tuition fees up to a maximum of $25,000. A typical Arts student graduating in 2007 could claim a tax rebate of more than $7,000 over the next six years.

The second pillar of our strategy is about improving accessibility to increase the number of students who are able to successfully pursue post-secondary education. Budget 2008 promotes accessibility by:

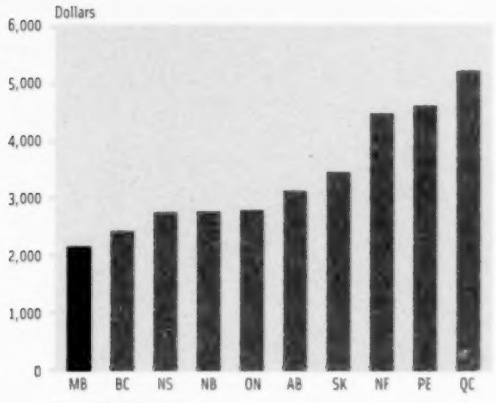
- adding $1 million to improve high school graduation rates and support students in transitioning to post-secondary education; and
- providing additional resources to enhance accessibility and completion of post-secondary education for under-represented groups.

We have also increased the number and value of our Training for Tomorrow Educational Awards for women studying in the areas of math, science or technology at approved educational institutions.

The third pillar is investing in excellence. For education, the 1990s were a decade of neglect. Mr. Speaker, we are making this the decade of action.

Just two years ago we committed to the largest ever increase in post-secondary funding with a three-year $60 million commitment.

Best Tax Environment for Graduates



Source: Manitoba Finance

Note: Provincial Income Tax payable after tuition credits and rebates, Single Person, $50,000 taxable income.

Mr. Speaker, today's budget surpasses that commitment. We are maintaining our commitment to increase operating funding by 5%, and we are adding another $8.4 million on top of that. That gives the colleges and universities as much new money as they would have gained from a 6% increase in tuition fees.

With today's announcement, the total three-year increase comes to more than $79 million. Since 1999, we have increased operating funding to colleges and universities by 65%, compared to just 14% in the previous decade.

Manitoba has supported post-secondary education capital projects totalling more than $400 million since 1999, and Budget 2008 commits more than $100 million over the next two years for new and planned capital projects. Our investments have supported projects like:

- the Richardson College of the Environment at the University of Winnipeg;
- the relocation of Assiniboine Community College;
- the Brandon University Health Studies Building; and
- the new Engineering Building at the University of Manitoba.

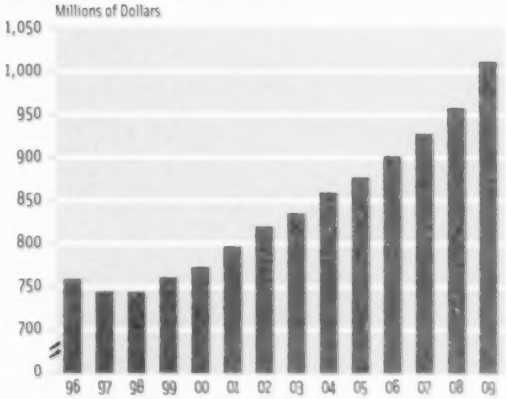
Since 1999 the Province has provided the University of Manitoba with $250 million in capital grants and loan authority to support construction and renovation. This support, combined with the U of M's own successful fundraising efforts, leveraged substantial private sector contributions for the renewal of the university's infrastructure. This year we are pleased to begin supporting the University's Project Domino, a $100 million multiyear project which will see the construction of a new student residence and the renewal of several other buildings on campus.

Quality education from childhood onward provides the foundation for later success. Our government has met or exceeded our commitment to fund public schools at the rate of economic growth every year since we took office. Since 1999, we have provided a total of $238 million in new operating funding to public schools. This year's increase of $53.5 million is the largest single-year increase in more than 25 years and provides increased support for all school divisions.

Our government has a specific plan to reduce the burden of education taxes on property while increasing our share of funding for public education. We are moving toward funding 80% of the total cost of public education. Since 1999, we have eliminated the residential Education Support Levy completely, cut farmland school taxes, and more than doubled the Education Property Tax Credit.

Manitoba's Aboriginal population is of great importance to our economic future, and education is critical for Aboriginal

Funding for Public Schools



Note: Dates are for the school fiscal year end

Source: Manitoba Education, Citizenship and Youth

economic success. Investments in Aboriginal education and training are delivering positive results: university and college enrolments are up and apprenticeship registrations have more than tripled since 1999.

But there is much more to be done. Many First Nations schools do not offer a full high school program. Program opportunities and per student investment are less than what is available in other Manitoba communities.

We are encouraged by recent discussions with the federal government to address the gap in education investments and programming. As a province we are committed to working with every First Nations community and the federal government to build quality programs from early years through to high school graduation.

Provincial education officials are already working with several First Nations communities and educators on strategies to make on-reserve education more effective and relevant, including:

- encouragement and incentives for more Aboriginal people to become teachers;
- professional development programs available to teachers on reserve; and
- curriculum development to incorporate Aboriginal culture and languages.

Funding for schools this year includes an additional $500,000 to support continued improvement to Aboriginal academic achievement through initiatives such as student mentorship and training, as well as elders in schools programs.

Manitoba introduced a four-year Bachelor of Aboriginal Midwifery program at the University College of the North. This program will increase the availability of midwives in Aboriginal communities, ensuring culturally and medically appropriate care for mothers and their newborns in their home communities.

Mr. Speaker, today's budget follows through on our commitment to support Aboriginal students entering the medical profession, beginning with a new program that will provide bursaries of $7,000 annually to Aboriginal medical students.

Mr. Speaker, Budget 2008 also continues to move forward with an additional investment for Red River College to create a new Interlake campus for Peguis and Fisher River.

Skills Strategy

Last year, our growing economy created 9,500 new jobs. We are working with industry, labour and other governments to attract and train the people Manitoba needs to fill the jobs created by our strong growth now and in the future.

Manitoba's Provincial Nominee Program is bringing skilled workers and entrepreneurs from around the world to our province. Manitoba welcomed almost 11,000 new immigrants last year - the highest immigration rate in 50 years.

"Integration is so successful in Manitoba that even recent immigrants had higher employment rates than Canadian-born people in other provinces."

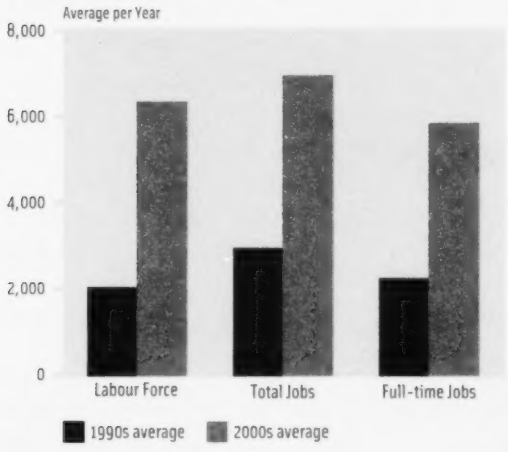
The Globe and Mail, September 11, 2007

Mr. Speaker, I am pleased to announce that Budget 2008 provides an additional $1.2 million for immigrant settlement and language training services to facilitate the integration of new immigrants into our communities. It also provides new resources to support additional labour market services for immigrants and our Qualifications Recognition Strategy to reduce barriers for internationally trained and educated immigrants.

The new *Adult Literacy Act* makes it possible for every Manitoban to have the opportunity to develop essential skills needed for success in the world today.

Since taking office, our government has more than doubled annual funding for Manitoba's adult learning and

Manitoba Labour Market Growth, 1990s and 2000s Comparison



Source: Statistics Canada

literacy programs. Mr. Speaker, today's budget brings our total investment to $19.3 million annually.

Manitoba business leaders have made one thing clear – their number one priority is building the skilled labour force needed to keep pace with changing demands.

Our government responded, committing to create 4,000 new apprenticeship training spaces over four years through a partnership guided by recommendations from the Apprenticeship Futures Commission. Today's budget provides additional funding for our plan to fulfill that commitment.

Budget 2008 also provides resources to increase flexibility to meet critical skills shortages and expand sector councils.

I am pleased to report that my colleague, the Minister of Competitiveness, Training and Trade will soon be announcing a new agreement that will provide $18 million for training, employment support and skills upgrading in partnership with the federal government.

Supporting Innovation

The pace of innovation has increased rapidly with the expanding global marketplace. The Premier's Economic Advisory Council has strongly advocated for greater investment in research and innovation - investments that enable productivity increases, resource conservation, and a higher standard of living. In addition to our investments in education and training, we have also taken action to support innovation including:

- increasing investment in research and development by 87% since 1999;
- supporting the development of commercialization centres; and
- introducing tax measures to improve competitiveness and spur investments in productivity.

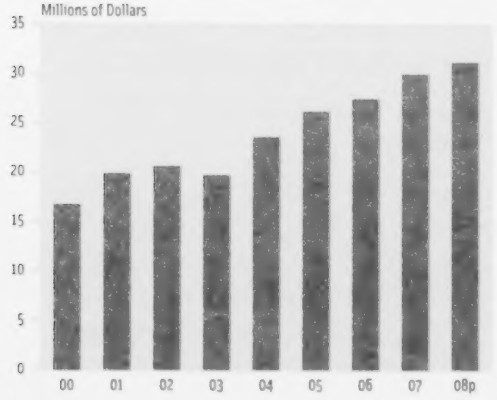
The Advanced Manufacturing Initiative helps Manitoba companies adopt innovative practices that reduce waste and increase productivity in the workplace. This partnership between the manufacturing sector and the provincial and federal governments will invest a total of $4 million in the current phase of the initiative to bring improved productivity to Manitoba manufacturing operations.

"The province's manufacturing sector is becoming more diversified every year, and it will play an increasingly significant role in Manitoba's output growth moving forward."

Conference Board of Canada, March 2008

Manitoba business leaders have called for an increased emphasis on innovation to maintain Manitoba's competitive position. A new Manitoba Innovation Council made up of business, research and community leaders will be created to guide a revitalized focus on innovation and commercialization activities in Manitoba.

Government of Manitoba R&D Expenditures



p - Preliminary
Note: Dates are for the fiscal year ending March 31
Sources: Statistics Canada and Manitoba Science, Technology, Energy and Mines

Mr. Speaker, I am pleased to announce that Budget 2008 completes our commitment to increase funding for the Manitoba Health Research Council to $6 million to support key provincial health research.

The Premier's Economic Advisory Council also recommended improving competitiveness by reducing red tape and moving toward single-window service delivery for business. We have taken action on that advice, including:

- expanding the BizPal on-line service, giving entrepreneurs ready access to the information they need about permits and licences;
- eliminating sales tax filing requirements for up to 5,000 small home-based businesses ;
- reducing sales tax filing requirements for up to 25,000 small businesses;
- implementing a single business number to simplify business dealings with government; and
- introducing an on-line file and pay system for PST and other provincial taxes.

We will continue to improve efficiency by redesigning the Manitoba Business Portal to provide real single-window, one-stop access to business information and transactions over the Internet.

Infrastructure

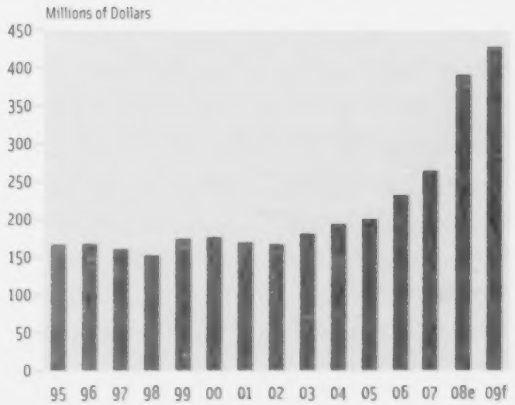
Our province's extensive network of highways and railways coupled with our international airport and deepwater seaport in Churchill represent a significant competitive advantage for Manitoba business. With the help of the new Manitoba International Gateway Council, we will continue to work with the private sector and other levels of government to promote Manitoba as a transportation and distribution gateway to the world.

Lack of investment during the 1990s left Manitoba with a legacy of aging roads and bridges in need of repair and replacement. Our government is taking action. Increased investments have lowered the average age of our public infrastructure since 2001, and there is more work to be done.

Two years ago, we announced an unprecedented $4 billion, 10-year program to modernize highways and bridges across the province. The first five-year phase is under way with investments in key routes including the Trans-Canada Highway, the Perimeter Highway, and Highways 75, 6, 10, 16, and 59. In all, 1300 kilometres of roadway have work planned for this fiscal year.

Last year, we opened the new twinned section of the Trans-Canada Highway to the Saskatchewan border. This

Manitoba Highways Investments



e - Estimate f - Forecast
Note: Dates are for the fiscal year ending March 31
Source: Manitoba Infrastructure and Transportation

year, engineering work will start on the overpass at Highway 16 and the Trans-Canada. The completed overpass will reduce delays, reduce greenhouse gas emissions and improve safety.

Mr. Speaker, Budget 2008 provides $15 million as the first installment of a total of $125 million in new investment to increase inspections, maintenance and rehabilitation of provincial bridges.

One of the most significant infrastructure projects in our history is nearing completion. The Red River Floodway expansion began two and a half years ago with the support of the federal government. We had good reason to press for timely completion of this project – the International Joint Commission estimated that every year of delay exposed Manitobans to as much as $75 million in flood risk. When the work is completed, it will provide 1-in-700-year level of flood protection, protecting Manitobans from more than $12 billion in potential damages in the event of a major flood.

We are also making significant investments in water and wastewater infrastructure. Manitoba is providing one-third of the funding for upgrading Winnipeg's wastewater treatment plants. Working in partnership, we will invest $150 million for rural and northern municipal water and wastewater projects. With federal and municipal government support, investments in Manitoba water protection will total over $1 billion in the coming years.

Budget 2008 contains important funding for clean drinking water projects including Grandview, Grosse Isle and Melita. Water supply and distribution upgrades are being planned for Hnausa and Watchorn Provincial Parks for 2008.

Budget 2008 includes funding for wastewater improvements for many communities such as The Pas and Roblin. As well, we are continuing to make upgrades to provincially owned wastewater facilities in provincial parks across the province, including Birds Hill, Big Whiteshell, and West Hawk Lake.

Today's budget also builds on our increased investments to upgrade water and wastewater systems in Aboriginal and Northern Affairs communities. Annual capital spending has now more than tripled since 1999 and important investments will be made this year in communities like Thicket Portage, Wabowden and Waterhen.

Water Protection

In Manitoba, we know the goals of protecting the environment and growing the economy can be achieved simultaneously. We plan to take advantage of this situation by building a dynamic green economy that sustains our natural assets, promotes a healthy, vibrant society and ensures a prosperous future.

Clean water is vital to the health of our environment, the sustainability of our economy and the well-being of all Manitobans.

Based on the work of the Lake Winnipeg Stewardship Board, our government introduced a major new strategy focussed on reducing nitrogen and phosphorus levels in our waterways. We have taken action on over 90% of the Board's recommendations already and we are continuing to move forward by engaging all those who contribute to the problem to become part of the solution. Mr. Speaker, since 1999, we have committed more than $190 million for water protection.

Water protection is everyone's responsibility. We were the first province to introduce legislation to regulate phosphorus in automatic dishwasher detergents, and we are pleased that our efforts succeeded in triggering a national response.

By January 1, 2009, we will also restrict phosphorus application for lawn and garden fertilizers. We have introduced new standards to reduce the amount of nitrogen and phosphorus released by large wastewater treatment facilities, and will be introducing limits for smaller systems and lagoons. Along with this, we are helping municipalities meet the new standards by sharing in the costs.

New rules will be announced this year prohibiting the installation of septic fields in certain areas and bringing

in new restrictions for current systems. Budget 2008 also provides new resources for enhanced monitoring and inspection of septic systems, particularly in the capital region north of Winnipeg and in cottage country.

Our government has introduced nutrient restrictions for the livestock industry to provide a framework for environmentally sustainable growth. Following the Clean Environment Commission (CEC) review, we have placed a moratorium on hog industry expansion in parts of the province and will be strengthening regulations to protect sensitive and marginal lands in Manitoba.

Further restrictions on the spreading of manure during the winter have been accepted as recommended by the CEC. Restrictions will also apply to municipal sludge, and to fertilizers for lawns and golf courses. We all must do our part to reduce excess nutrients reaching our waterways. Mr. Speaker, Budget 2008 also provides new resources for inspection and enforcement of these regulations.

The Province will be working with the Faculty of Environment, Earth and Resources at the University of Manitoba and others on priority research areas, including phosphorus application levels and other recommendations from the CEC's report on the hog industry.

Wetlands help to purify water, mitigate flooding and reduce greenhouse gases. Manitoba is home to 18% of Canada's wetlands and we have shared leadership in protecting this resource with Conservation Districts and organizations such as Ducks Unlimited, the Nature Conservancy of Canada, and the Manitoba Habitat Heritage Corporation.

Mr. Speaker, I am pleased to announce that Budget 2008:

- increases funding for Conservation Districts to more than $5.3 million;
- increases our contribution to the Nature Conservancy of Canada to $400,000 this year as part of our five-year, $1.5 million funding agreement;
- continues funding for the Manitoba Habitat Heritage Corporation; and
- renews the five-year funding agreement for Oak Hammock Marsh Interpretive Centre, with an increase which will be matched by Ducks Unlimited.

Building on Manitoba's leadership in energy efficiency, we are now moving forward with a new strategy to promote water conservation.

Mr. Speaker, I am pleased to announce that today's budget introduces a new water conservation program that will encourage the purchase of water-saving appliances and devices.

Climate Change

Citizens and governments have important actions to take if we're to combat the effects of global warming. How we achieve this will help determine the shape of the economy of the future – it is the opportunity for Manitoba to lay the foundation for a sustainable low-carbon economy.

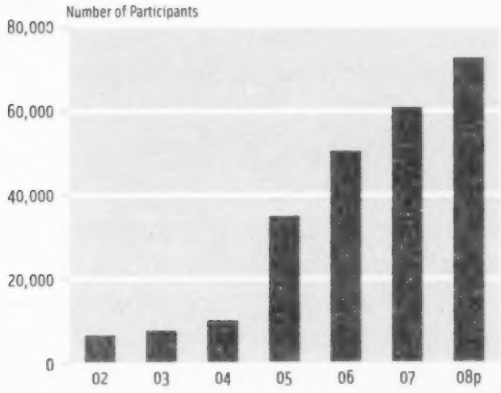
Manitoba has a strong record of achievement in fighting climate change. We were the first in Canada to take action and we will be the first to demonstrate solid results.

- Manitoba is already a North American leader in geothermal installations and the building of green buses.
- Our $2,000 hybrid vehicle rebate has helped hundreds of Manitobans reduce fossil fuel use and tailpipe emissions by choosing an environmentally friendly hybrid vehicle.
- We closed the coal plant in East Selkirk and are phasing down the remaining plant in Brandon.

In the days ahead, our government will be announcing our comprehensive multiyear funding plan to reduce greenhouse gas emissions, which will include action on sustainable farm practices, trucking technologies, active transport initiatives, green heating technologies, and much more.

Mr. Speaker, our actions to date along with the new measures we will be announcing put us on track to have a carbon neutral decade - no increase in emissions from

Residential POWER SMART Program Participation



p - Projected
Note: Dates are for the fiscal year ending March 31
Source: Manitoba Hydro

2000 to 2010 - and become the first jurisdiction in Canada to meet a legislated Kyoto target by 2012.

Manitoba Hydro is a big part of Manitoba's environmental advantage. Manitoba relies less on fossil fuels than much of North America, with 98% of the electricity generated coming from clean, renewable water power. Hydro exports have allowed other jurisdictions to displace electricity from coal and oil-fired plants, reducing greenhouse gases.

Our government is developing our province's hydro-electric resources to their full potential for the benefit of all Manitobans. Construction of the Wuskwatim Dam in partnership with the Nisichawayasihk Cree Nation is under way now and development work continues on Conawapa.

The investments of past years are producing excellent returns. Electricity exports bring hundreds of millions of dollars to Manitoba annually and Hydro's debt equity ratio has improved from 86% ten years ago to 78% today.

Other initiatives to promote the development of clean energy resources include:

- developing 1,000 MW of wind energy;
- creating a community wind power fund to help set up monitoring towers to determine local wind strength;
- introducing the ethanol blended fuel mandate; and
- establishing a 5% mandate for biodiesel by 2010.

Through its Power Smart program, Manitoba Hydro has helped Manitoba win first place in Canada for promoting energy efficiency through innovative programs such as energy audits, on-bill financing for retrofits and geothermal systems, and promotion of energy-efficient appliances.

Manitoba Hydro recently announced the province-wide expansion of its Lower Income Energy Efficiency program. This year, our government will work with Manitoba Hydro and community groups to assist an estimated 1,200 households with low incomes take advantage of energy efficient opportunities. Building on a project with Island Lake First Nations, our government will also work with Manitoba Hydro to offer community-based energy efficiency retrofit programs to First Nations across Manitoba. These programs help reduce energy bills and cut greenhouse gas emissions, as well as providing local training and employment opportunities.

Healthy Manitobans

Improving health care for Manitobans remains the top priority for our government. Significant steps taken since 1999 include:

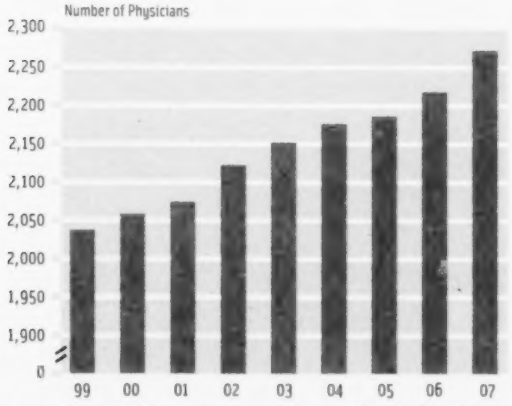
- educating and hiring more health professionals;
- investing to improve facilities and equipment; and
- introducing new innovations in health delivery.

Mr. Speaker, Budget 2008 continues to move forward on health care with new resources to help our health professionals deliver better care sooner.

The province has made significant investments to train, retain, and attract more health care professionals and these investments have delivered real results for Manitobans. Today there are 235 more doctors working in Manitoba than in 1999. In 2007 alone, Manitoba gained 54 doctors, the highest annual increase on record.

There are 86 more doctors practising in rural Manitoba and 103 more specialists in the province than in 1999.

Doctors in Manitoba



Source: The College of Physicians and Surgeons of Manitoba Annual Reports

Mr. Speaker, today's budget invests $7.2 million in new resources to:

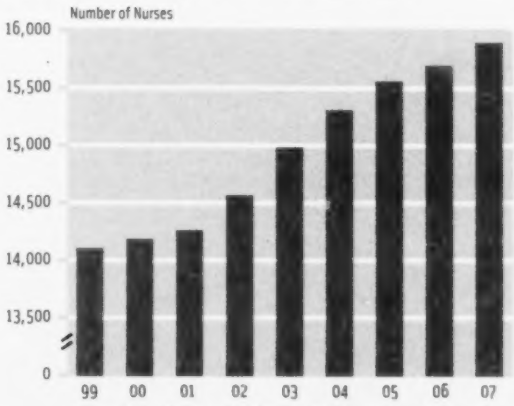
- expand the medical school to 110 training seats;
- increase specialty training, especially for emergency medicine; and
- increase support for the International Medical Graduate program.

There are now 1,789 more nurses practising in Manitoba than in 1999. We have attracted 973 nurses to Manitoba through the Nurses Recruitment and Retention Fund, and 265 northern and rural positions have been filled through incentives that encourage new nursing graduates to practise in rural and northern Manitoba.

Budget 2008 moves us closer to our goal of hiring 700 more nurses with new funding to expand nursing training, including 40 more seats. With this increase, Manitoba is training almost three times more nurses annually than in 1999. According to the independent Manitoba Nursing Research Institute, more than 90% of nursing graduates stay and work in Manitoba.

Budget 2008 invests $1.2 million to fund additional nurse practitioner positions for emergency rooms and for primary and acute care settings across the province.

Active Practising Nurses in Manitoba



Sources: Annual Reports of the College of Registered Nurses; College of Registered Psychiatric Nurses; College of Licensed Practical Nurses

Today's budget also provides funding to create a first-of-its-kind graduate program to train 12 new Physician Assistants over the next two years.

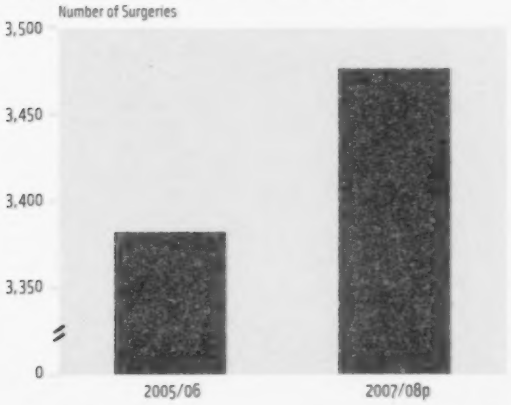
Over the next four years, the Province will implement a comprehensive strategy to improve the quality of care in Manitoba's personal care homes – the first upgrade of the guidelines in decades. Budget 2008 provides $3 million to begin hiring additional nurses, health care aides and allied health care workers.

Our government has acted to address concerns with wait times and our policies are delivering results:

- Manitoba leads the nation with a one-week wait for radiation therapy, down from six weeks in the 1990s;
- the wait time for MRIs has been cut to seven weeks, down from 28;
- CT wait times have been cut to six weeks, down from 18; and
- wait times for hip and knee replacements have been cut to 18 weeks, down from 44 weeks.

These results show solid progress, but there is still more to do. Wait time reduction has focussed primarily on the wait between seeing a specialist and receiving treatment. With the support of the federal government, Manitoba is investing $5.8 million to reduce the time between a

Hip and Knee Replacement Surgeries



p - Projected

Source: Regional Health Authority Surgery Programs

patient's family doctor referral and their consultation with a specialist.

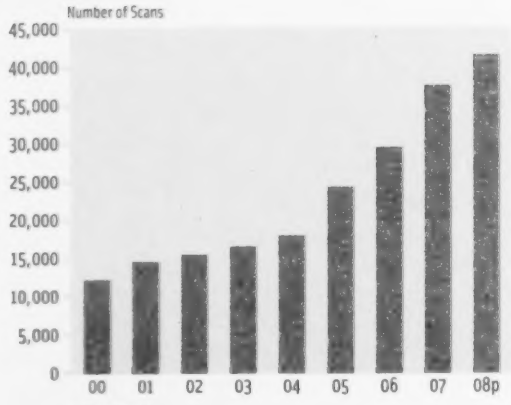
We are also providing Regional Health Authorities with new funds for a range of programs, including:

- $2.0 million for provincial laboratories and rural diagnostic imaging;
- $2.9 million for control of sexually transmitted infections and HIV;
- $2.3 million for chronic disease prevention initiatives; and
- $1.8 million for mental health programs.

We will invest more than $20 million to develop a new Western Manitoba regional cancer centre in Brandon. The centre will provide Western Manitoba with chemotherapy, radiation therapy and outpatient care closer to home. Budget 2008 also provides an additional $1.8 million for cancer screening to ensure earlier diagnosis and treatment.

Last fall, we pledged more than $20 million to expand renal health services, including dialysis and prevention education across the province. Mr. Speaker, Budget 2008 moves forward with $2.4 million to expand the availability of dialysis at locations across the province, including Berens River, Gimli, and the Percy E. Moore hospital serving Hodgson and Peguis.

MRI Scans



p – Projected

Note: Dates are for the fiscal year ending March 31

Source: Regional Health Authority Diagnostic Imaging Programs

We have committed $40 million to redevelop the Women's Hospital at the Health Sciences Centre in Winnipeg, creating a new state-of-the-art centre of excellence for women's health services. Planning is also under way to redevelop the maternity ward at St. Boniface Hospital and create a new South End Birthing Centre.

Mr. Speaker, our government has invested more than $1 billion to improve facilities and equipment since 1999.

We have modernized and expanded more than 90 health care facilities across the province. There are new or renovated hospitals in Winnipeg, Brandon, Swan River, Thompson, The Pas, Pinawa, Gimli, Ste. Anne and Steinbach. The $135 million Health Sciences Centre redevelopment is the largest health facility redevelopment in Manitoba's history.

In the last year alone, projects totalling more than $45 million were completed, including:

- dialysis expansions in Thompson and The Pas;
- chemotherapy treatment space in Deloraine and Steinbach;
- community health facilities in Dauphin and Ilford;
- a new personal care home in South Winnipeg; and
- a new residential care centre in Thompson for persons with acquired brain injury.

This work is continuing with:

- construction of a 100-bed personal care home in Neepawa;
- improvements at the Concordia, Seven Oaks and Victoria hospitals; and
- redevelopment of the surgical areas of the Ste. Anne Hospital.

One of our priorities has been to modernize outdated and aging facilities in Manitoba. Nowhere was this need greater than the Selkirk Mental Health Centre. I am pleased to announce that the redevelopment is well under way with completion expected later this year. Today's budget provides new resources for additional front line staff for the centre. These improvements will make a real difference in the lives of those who rely on its services.

Better and faster emergency care is the goal of our investments to upgrade or expand emergency rooms at hospitals around the province including St. Anthony's Hospital in The Pas, and Seven Oaks, Concordia, and Victoria Hospitals in Winnipeg.

Construction will begin this year on the $5 million redevelopment of the emergency department of the Portage General Hospital. Next year, the $4.5 million renovation and expansion of the emergency department at Bethesda Hospital in Steinbach is scheduled to start.

We have been listening to what doctors and nurses are telling us about emergency rooms, and we are taking action. We have provided funding to more than double the number of training spots for emergency medicine. Building on this, Budget 2008 provides another $1 million in new resources to relieve the pressures on emergency rooms.

Pharmacare is another important way that we maintain affordability for Manitobans by helping to pay part of the medication costs for Manitobans in medical and financial need. Pharmacare is not part of the Canadian medicare system. It is a co-insurance program in which the patient buying the prescription pays part of the cost and the provincial government pays the rest.

According to the Canadian Institute of Health Information, Manitoba provides the best drug coverage in Canada, paying 54% of prescription drug expenditures for Manitobans. We have adopted best practices and expanded the use of generic drugs to control costs. Nonetheless, the cost of this important program continues to grow.

Since 1999, we have added almost 2,000 new drugs to Pharmacare and the average benefit paid has more than doubled. In Budget 2008, Pharmacare costs are projected to rise to $284 million and Pharmacare deductibles will increase by 5% to help offset rising costs. This will mean an increase of between $2 and $6 per month for most Pharmacare families.

The health care system plays an important role in maintaining our health, but we all know that healthy living can contribute significantly to our health and our quality of life. Our government was the first in Canada to create a ministry dedicated to healthy living, health promotion and disease prevention.

Mr. Speaker, Budget 2008 provides new resources to expand our investment in healthy living, including:

- $500,000 for recreation directors to expand recreation opportunities for youth in inner city and other Neighbourhoods Alive Communities;
- $2.1 million in public school funding to support physical education in grades 11 and 12;
- a new First Sports Initiative to help more young people participate in sports by providing funding for equipment and supplies; and
- support for projects like the Southdale Community Centre as part of our $60 million multiyear commitment to fund recreation projects across the province.

Smoking is a serious health risk, and our strategy is to reduce tobacco use across the province by discouraging people, especially young people, from starting to smoke and by encouraging smokers to quit. Today's budget will make quitting a little easier by exempting non-prescription smoking cessation products from provincial sales tax.

We have made a strong commitment to break the chains of addiction and improve mental health services by investing more than $40 million over the past two years in addictions programming and capital. A new addictions treatment centre is under construction in Thompson and planning is under way to develop a mental health emergency room in Winnipeg – the first of its kind in Canada.

Healthy Families

Supporting families and building communities remains a key priority for our government. There are positive changes happening. Between 1999 and 2005 there was a 25% reduction in Manitoba's child poverty rate, and the number of single female parents living on low incomes has declined by over 40%.

In addition, the number of people on Employment and Income Assistance continues to decline and is at a 20-year low with 11,000 fewer individuals on the program than in 1999.

We will continue to do more to fight poverty and inequality. Mr. Speaker, today's budget brings to more than $70 million the amount that our government is investing annually to improve benefits and services for people on income assistance and to help them transition to employment.

Budget 2008 moves forward with our Rewarding Work strategy which enhances opportunities for education and training, expands employment, and makes it easier to work and succeed.

This year we will introduce new measures to build on the foundation established in 2007, including:

- new funding for people making the transition to employment;
- financial support for persons with disabilities who serve as volunteers; and
- improved opportunities for people to save for their future.

In 2007, our government announced a $188 million multiyear housing strategy to improve access to safe and affordable housing for all Manitobans.

HOMEWorks! addresses the issue of affordable homes for low-income Manitobans. Budget 2008 provides an additional $16.6 million for Manitoba's HOMEWorks! initiative, including added funding for new projects under the Een Dah Aung (My Home) program for Aboriginal off-reserve housing.

Mr. Speaker, I am pleased to announce that today's budget directs $3.5 million to extend the Manitoba Shelter Benefit to help more people in need, including:

- extending benefits to eligible single adults and couples without children receiving income assistance;
- increasing support for individuals and families not on income assistance;
- implementing a pilot project that provides a portable benefit for individuals with mental health challenges; and
- creating a new transitional shelter benefit for eligible non-disabled single individuals and childless couples who leave welfare for work.

Budget 2008 demonstrates our continued commitment to community living for persons with mental disabilities. Mr. Speaker, today's budget increases funding for the Supported Living Program by $12.4 million.

Our government was proud to make a $3 million commitment in response to Rick Hansen's Going Forward Together legacy initiative. Funds provided in today's budget support research and quality-of-life initiatives that help to improve the lives of Manitobans living with a spinal cord injury.

Healthy Children

Healthy Child Manitoba co-ordinates the establishment of a province-wide network of programs to give kids a better start in life, including prenatal and early childhood development programs, healthy schools initiatives, and strategies for healthy adolescence. With *The Healthy*

Child Manitoba Act, we have ensured that permanent structures are in place to continue to help children and families reach their full potential.

Child care is vitally important to Manitoba families. Our government has funded approximately 7,000 more child-care spaces since 1999 – an increase of 46%. New investments have improved training and salaries for existing staff and helped train more early childhood educators.

Mr. Speaker, I am pleased to announce that Budget 2008 adds another $5 million in new funding to improve access to quality child care in Manitoba, bringing the total increase in child-care funding since 1999 to more than $60 million. This will ensure more children benefit from licensed child care by:

- funding more spaces, including additional nursery school spaces;
- establishing a new training and recruitment fund; and
- following through on our commitment to increase salaries for early childhood educators.

Details of our longer-term plan for child care will be announced by the Minister of Family Services and Housing.

Safety for all children is a shared obligation that our government takes very seriously and is taking strong action to address. In the fall of 2006, our government began an overhaul of the child welfare system, committing more than $48 million under Changes for Children to implement the recommendations of reviews undertaken by independent officers of the Legislature. We have taken action on the recommendations, including:

- hiring 90 new staff toward our commitment to add 150 new positions;
- increasing rates for foster parents by 23%;
- recruiting 900 new foster home beds; and
- focussing more on prevention and early intervention.

Mr. Speaker, I am pleased to announce that Budget 2008 provides $23.1 million to continue making the changes needed to better protect the interests of Manitoba children.

Our strategy to prevent child sexual exploitation was officially launched in 2002. Since then, several new initiatives have been implemented in partnership with community organizations including:

- the Ma Mawi Wi Chi Itata Centre safe home;
- Ndinawe's child and youth care worker training program; and
- Ka Ni Kanichihk's specialized foster care program.

We will launch phase two of the strategy based on recommendations arising from recent summits with community service providers. Today's budget provides resources to support the next steps in protecting Manitobans of all ages from sexual exploitation.

Budget 2008 provides new resources to help young adults affected by fetal alcohol spectrum disorder to access housing, education and training, recreation, crisis services, family connections and mentoring.

Budget 2008 provides additional support for children's therapy services. The Children's Special Services budget will increase by 6% to $23.7 million to provide effective physical therapy, speech and language therapy and occupational therapy among other services.

Arts and Culture

The vision, skill, determination and commitment found in communities across the province drives our economic growth and speaks to the confidence and excitement Manitobans feel about where they live.

Culture and the arts are an integral part of the Manitoba way of life and the economy. Our strong cultural scene enriches our lives, and is built on our diverse ethnic fabric, world-class attractions, and the imagination and creativity of our citizens.

Our government actively supports culture and the arts with the second-highest level of per capita funding in Canada.

Public libraries are an important cultural, educational and community resource, and we are working to continue to extend access to library services.

Mr. Speaker, I am pleased to announce that Budget 2008 provides new resources to support library development, including:

- more libraries, including several in First Nations communities;
- an annual rural and northern technology grant program; and
- a one-time grant to the Winnipeg Public Library for collection and technology upgrades.

Mr. Speaker, our government was proud to support the vision for a new Canadian Museum of Human Rights with our commitment of $40 million. This museum will make it possible for Manitobans, Canadians and international visitors to gain a deeper understanding of historical and present day human rights issues, struggles and victories worldwide.

This world-class museum will be the first national museum to be created since 1967 and the first to be located outside of Ottawa. Its creation is the result of a concentrated and sustained effort by the community that brought together the three levels of government, the private sector, and non-governmental organizations to pledge a total of $265 million for its construction.

Our government is also supporting the community-led effort to preserve the historic site of Upper Fort Garry. We have pledged $1.5 million in capital support and will designate the land a provincial park, providing funding for annual maintenance of the site in perpetuity.

This year, construction will begin on a new theatre for Le Cercle Molière on the Centre culturel franco-manitobain site in St. Boniface. We are looking forward to working in partnership with the community to help bring their vision for a new home for this historic theatre company into being.

More than 100 festivals held throughout the year reflect the richness of our cultural mosaic. We provide more than $1.5 million annually to support the continued success of our many festivals.

Our government is also taking part in the new tourism promotion strategy called the Road to 2010. This strategy will include significant new promotional campaigns to capitalize on the excitement generated by the 2010 Vancouver Olympics to showcase Manitoba on the world stage.

Improvements are continuing in our provincial parks. In the last four years, we have upgraded 544 campsites in 20 campgrounds and added 84 new campsites and 40 new yurts and family vacation cabins. Budget 2008 will continue our parks improvement with:

- more campground site upgrades;
- more new electrical campsites; and
- additional yurts and cabins.

Budget 2008 also provides new resources for the International Peace Gardens.

Safer Communities

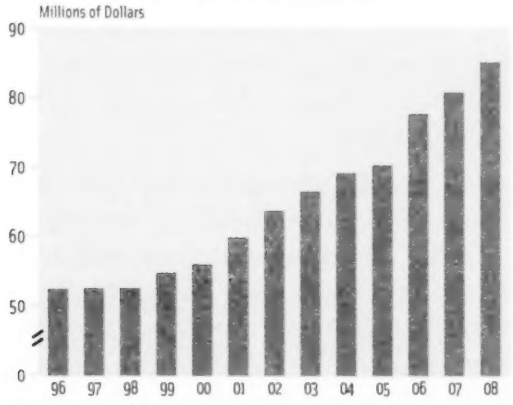
Manitobans want to feel safe in their own communities and they expect there will be appropriate consequences for acts of violence and organized crime.

Manitoba has been a strong voice for change at the national level. We have pressed the federal government to make needed changes to the federal Criminal Code and *Youth Criminal Justice Act*, including stricter measures for dangerous offenders, stricter bail conditions, mandatory prison sentences for those who commit gun crimes, and action on impaired driving.

A strong police presence in our communities is a key factor in both deterring and responding to crime. Our government has worked to increase police officers throughout Manitoba. Since 1999, 155 police positions have been added throughout Manitoba and we have committed to add another 100 during this mandate.

Mr. Speaker, today's budget commits resources for 20 positions, including 10 for Winnipeg and 2 for Brandon.

Provincial Policing Expenditures



Note: Dates are for fiscal year ending March 31

Source: Manitoba Justice

We will continue to work with the RCMP to increase their presence in Manitoba. The recent federal announcement will help make further improvements in coming years.

Budget 2008 also provides funding for:

- a new Mediation Services pilot project;
- two additional Crown prosecutors; and
- additional staff for the Milner Ridge Correctional Centre which is being upgraded and expanded.

Well-targeted crime reduction strategies that balance enforcement and prevention do make a difference. Mr. Speaker, thanks to the work of the Auto Theft Task Force, auto thefts in Winnipeg in the first three months of 2008 are down 46%.

Manitobans also expect that we will address the roots of crime, and our government has invested in prevention strategies that focus on helping youth at risk make more positive choices in their lives.

We have committed more than $40 million through Neighbourhoods Alive! to support community-driven neighbourhood revitalization projects, including crime reduction and public safety. Budget 2007 announced the expansion of the Neighbourhoods Alive! program to five additional communities: Flin Flon, The Pas, Dauphin, Portage la Prairie and Selkirk. Budget 2008 provides new resources for this successful program.

This year will also see the expansion of the Lighthouses program to provide five additional locations where young people can take part in sports, arts, music and other activities.

Rural Manitoba

Rural Manitoba is sharing Manitoba's healthy growth. Over the last 10 years, there have been positive population increases in our rural areas. Three out of 10 immigrants arriving through the Provincial Nominee Program are settling in rural Manitoba and communities like Steinbach, Winkler, and their surrounding municipalities have seen dramatic growth.

Manitoba provides strong support to help municipalities grow. The most recent data show that Manitoba is the province which provides the highest per capita level of unconditional grants to municipalities.

Through the Building Manitoba Fund, municipalities receive a share of provincial income, corporation, and fuel taxes – revenues that grow with the economy. We are the only province that shares tax revenue with municipalities in this way.

This level of support enables municipalities to keep their property taxes down – Manitoba municipalities have the lowest reliance on property taxes in the country.

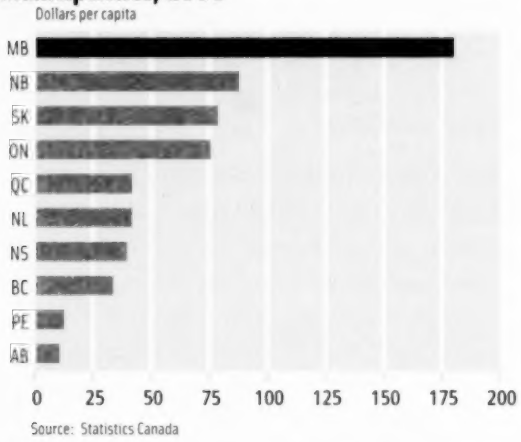
Mr. Speaker, I am pleased to announce that this year the Building Manitoba Fund will provide municipalities outside Winnipeg with a 6% increase over 2007.

Community Places provides funding and planning assistance to non-profit community organizations to build, upgrade or expand facilities that benefit their local communities. Mr. Speaker, Budget 2008 adds almost $1 million to this valuable program.

During 2007, we partnered with the community of Notre Dame de Lourdes to support the successful opening of Centre Albert-Galliot.

Agriculture is a key contributor to Manitoba's healthy economic performance. Manitoba farm cash receipts in

Unconditional Provincial Grants to Municipalities, 2006



Source: Statistics Canada

2007 grew faster in Manitoba than anywhere else in Canada.

Our government is supporting new opportunities for the rural economy with the development of bio-based products and processes. Biofuels like ethanol, biodiesel and biomass will provide new revenue streams for Manitoba producers.

We are helping to develop foods of the future through investments in the Food Development Centre, the Richardson Centre for Functional Foods and Nutraceuticals, and the Canadian Centre for Agri-Food Research in Health and Medicine.

Our government remains committed to farm programs that help ease the effects of unpredictable weather and markets. Over the five years from 2003 to 2007, Manitoba contributed almost $450 million to stabilization programs.

The livestock industry in Manitoba and across Canada has been under significant pressure due to soaring feed costs, low livestock prices and the impacts of a high Canadian dollar. Our government is committed to ensuring Manitoba producers receive support to maintain their farm businesses today, and position the sector for future profitability.

Manitoba, with funding from the federal government's new Community Development Trust, is investing $14.7 million to support producers of cattle and other ruminant livestock. This is in addition to our government's adjustments to BSE recovery loans to improve cash flow for cattle producers.

For hog producers, our government made $60 million in loan support available at favourable interest rates. In March 2008, we built on our commitment to protect our water resources while supporting value-added processing and vital jobs in Brandon and Neepawa. Through the Community Development Trust, we are supporting economic and environmental sustainability and building additional capacity that will help protect the industry against future trade action.

Mr. Speaker, Budget 2008 provides the Manitoba Agricultural Services Corporation with an increase of $8.8 million to reflect rising crop values, which have brought the total amount of protection offered by production insurance to $1.5 billion.

Mr. Speaker, today's budget also invests in the safety and security of the food supply through new investments in inspection services, veterinarian training and services. We are working on development of agri-food traceability processes to address both the safety and environmental needs here at home, and the stringent requirements for international trade.

Northern Manitoba

Training and employment initiatives are a key part of our Northern Development Strategy. The University College of the North is an innovative institution that educates people in their own communities and contributes to the next generation of northern nurses, teachers, and tradespeople. Through its two main campuses in The Pas and Thompson and 12 regional centres, it serves more than 2,000 students annually.

The Northern Healthy Foods Initiative promotes the production and availability of healthy, affordable food in northern and remote Manitoba communities.

Mr. Speaker, Budget 2008 builds on the success of this innovative program with new resources to expand into more communities.

We introduced water safety education programs for northern communities in 2005, and today's budget continues this work with resources to provide a year-round program through schools that will include water safety, sled safety, an IceSmart program, and training for lifeguards and swimming instructors.

Budget 2008 provides an additional $1.1 million for fire suppression, including an additional helicopter and the introduction of disability insurance for volunteer firefighters in Aboriginal and Northern Affairs communities.

Aboriginal Economic Development

We have worked with the Assembly of Manitoba Chiefs to develop the First Peoples Economic Growth Fund to support First Nations business development with a share of provincial gaming revenue, and we are developing partnerships with First Nations interested in pursuing cottage lot developments to strengthen their local economies.

The settlement of long-standing land claims is an important step in clearing the way for economic growth in Aboriginal communities. Mr. Speaker, with today's budget we are dedicating additional resources to speed up the overall process.

This year marked the first celebration of Manitoba's new February holiday – Louis Riel Day. We share the pride of the Métis people in recognizing Riel as the driving force to make Manitoba Canada's fifth province and his dream of a province that embraces all cultures is still shared by Manitobans today. Our government is working with the Manitoba Métis Federation on an economic development strategy and other initiatives to benefit the Métis people in Manitoba.

Mr. Speaker, Budget 2008 provides $250,000 as the first of four annual contributions to a $1 million Capital Improvements Fund for Friendship Centres across Manitoba.

We have started work on the all-weather road on the east side of Lake Winnipeg from Provincial Road 304 near Hollow Water to Bloodvein with the replacement of two bridges. Engineering work is continuing and planning for route selection beyond Bloodvein is under way.

The East Side communities are also benefiting from new sustainable economic development and training opportunities, including:

- funding for development of land use and resource management plans;
- establishment of the East Side Aboriginal Sustainable Tourism organization;
- the Island Lake First Nations Energy Efficiency and Housing Retrofit pilot project; and
- a 25-seat LPN training program at St. Theresa Point.

Our government continues to work with First Nations communities in the bid for a UNESCO World Heritage Site designation for about 42,000 square kilometres of the boreal shield on the east side of Lake Winnipeg. Gaining international recognition for this globally significant boreal forest will maintain the ecological health of the land while providing the people who live there with opportunities for sustainable economic development.

Urban Centres

Budget 2008 provides significantly increased funding for Winnipeg, Brandon and other municipalities.

The past few years have brought some welcome changes to Winnipeg. The city's skyline is changing. New downtown destinations such as the Millennium Library, the MTS Centre, and Red River College's Princess Street Campus are bringing more people downtown. The new Manitoba Hydro office tower will bring an additional 2,000 workers to the heart of the city.

We are looking forward to the start of construction on the Canadian Museum for Human Rights, a world-class

attraction that will bring thousands of people to Manitoba each year.

Mr. Speaker, in 2008 the City of Winnipeg will receive more than $200 million in funding to support services to citizens, including more road improvements, affordable and accessible transit services, and public safety. Since 1999, provincial funding for the City of Winnipeg has grown by 57%.

In 2008, we are providing $29 million for road improvements, an increase of $8 million over 2007, toward our commitment to invest $125 million in new funding for Winnipeg's transportation infrastructure. Manitoba is also providing one-third of the funding for upgrading Winnipeg's wastewater plants, an investment of $235 million.

Overall, Winnipeg will receive an increase of more than $14 million in 2008 to support various programs, including transit, roads, policing, libraries, mosquito larviciding, firefighter-based emergency services, Dutch Elm disease control, and the Main Street Project.

For the second year in a row, Manitoba is funding 50% of transit costs, restoring the funding partnership that was cancelled in 1993. This means that when costs of transit increase in Winnipeg, Brandon, Flin Flon and Thompson due to things like rising fuel prices, Manitoba pays its share to keep transit affordable.

This year, Manitoba will receive $17.9 million through the federal transit trust. We will work with Winnipeg to develop projects that will increase ridership, provide alternative active transportation options, including bicycle paths, and make progress towards its Rapid Transit Implementation Plan.

The Red River Floodway expansion is well on its way to completion. Mr. Speaker, we will continue to build on the recreational opportunities that the expanded floodway presents, including a trail from the former Duff Roblin Park Reserve to Birds Hill Provincial Park.

Brandon has enjoyed strong economic growth over the past few years. Brandon's population is growing rapidly and companies like Maple Leaf Foods and McKenzie Seeds are expanding their operations and creating new jobs in Brandon.

The signs of progress are everywhere. The Keystone Centre's Agricultural Centre of Excellence has opened its doors to the world, Assiniboine Community College's Culinary Arts program has moved to its new home in the former Nurses Residence, and we expect the construction of the state-of-the-art Culinary Theatre to be completed by September 2008. We are also working towards finalizing an agreement for the construction of a trades facility as Phase II of the relocation.

There are two strong proposals for new fitness facilities in Brandon and we will continue to work with the city and federal government to help move both projects ahead.

Work should start soon on a $7 million reconstruction of the Westman Regional laboratories, building on previous investments, including the Health Studies Building at Brandon University and the $58 million redevelopment of the Brandon Regional Health Centre.

Brandon has taken a significant step in redeveloping its downtown core with the creation of Renaissance Brandon. Our government has already provided more than $4 million for the renewal of Brandon's older neighbourhoods, including the downtown core, through Neighbourhoods Alive!.

Today's budget will provide resources for Renaissance Brandon to match the contributions from the City of Brandon. We will also continue to work to support proposals from the public and private sector on an ongoing basis.

Manitoba is also proceeding with major infrastructure upgrades for Brandon, including the 18th Street Bridge and the Eastern Access Route extension.

Fiscal Plan

Mr. Speaker, Budget 2008 is a balanced budget fully reflecting Generally Accepted Accounting Principles. It builds on the achievements of the past eight budgets including:

- balancing the budget every year;
- making the largest debt and pension payments in Manitoba history;
- funding the government's full share of employee pensions for the first time in more than 40 years;
- reducing the province's net debt to GDP ratio and lowering debt servicing costs; and
- saving wisely for the future.

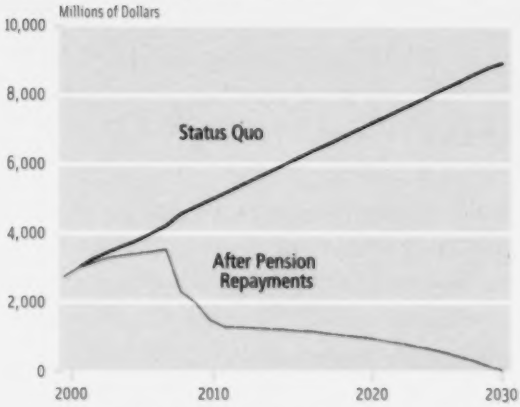
Budget 2008 continues our commitment to sound fiscal management. In 1998, the Auditor General criticized the Manitoba government for publishing two sets of financial statements which made it difficult for the public to see and understand the full financial position of their government. Our government acted to correct this situation.

Manitoba's comprehensive accounting of government's finances consolidates core government operations with projections for all Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities, and colleges to produce a summary budget.

Mr. Speaker, Budget 2008 is balanced, with a projected summary budget surplus of $96 million. The budget's core operations are also fully supported with core government revenues, including funding prepaid by the federal government for joint federal-provincial priorities, exceeding core government expenditures. This means our government has balanced the budget for nine consecutive years.

We will complete the transition to summary budgeting and reporting by updating balanced budget legislation based on advice of the Deloitte & Touche review. Our budget outlook projects continued balanced budgets into the future.

Pension Liability Retirement



Note: Assumes continuing annual transfer from the Debt Retirement Fund
Source: Manitoba Finance

Overall, Budget 2008 provides for a 3.3% growth in core expenditures as well as on a summary basis, and a $110 million payment on our general purpose debt and pension liabilities. This brings our total debt and pension payments to $924 million over nine years – the largest such payment in Manitoba's history.

Mr. Speaker, we are proud of the progress we have made addressing the province's debt, particularly the unfunded pension liabilities. Over 40 years ago, the Manitoba Government stopped funding the employer's share of the pensions for civil servants and teachers. This liability had grown to $2.7 billion by 1999. Left unchecked, it was projected to reach $8.9 billion by 2028.

Rather than let the pension liability continue to grow unchecked, we started the first-ever plan to eliminate the pension liability. We began to address the accumulated liability without increasing the Province's net debt burden.

We started making current service pension contributions again - starting with the contributions for new employees. Building on this, in 2007/08 we funded 75% of the unfunded liability of the Teachers' Retirement Allowances Fund, strengthening the pension plan and generating long-term savings to the province.

Summary Budget Outlook

	2007/08 Forecast	2008/09 Budget	2009/10 Projection	2010/11 Projection	2011/12 Projection
			Millions of Dollars		
REVENUE					
Core Government [1]	9,592	9,852	10,142	10,443	10,801
Net Income of Government Business Enterprises (GBEs):					
Manitoba Liquor Control Commission	218	227	233	240	246
Manitoba Lotteries Corporation	295	301	301	301	301
Manitoba Hydro	309	160	111	121	119
Workers Compensation Board	42	1	2	1	4
Manitoba Public Insurance Corporation	(6)	(22)	0	0	8
Subtotal:	858	668	648	663	678
Less: Consolidation Adjustment	(513)	(529)	(534)	(541)	(547)
Net Contribution of GBEs	345	139	113	122	130
Other Reporting Entities	2,224	2,333	2,347	2,383	2,415
TOTAL REVENUE	12,161	12,324	12,602	12,949	13,347
EXPENDITURE					
Core Government Programs and Services	9,490	9,799	10,080	10,369	10,668
Other Reporting Entities	2,342	2,428	2,430	2,487	2,532
TOTAL EXPENDITURE	11,832	12,227	12,510	12,857	13,201
SUMMARY NET INCOME	329	96	92	92	146

Numbers may not add due to rounding.

Notes:

1 Core Government revenue includes Net income of Manitoba Lotteries Corporation and Manitoba Liquor Control Commission; that income is eliminated in the Consolidation Adjustment.

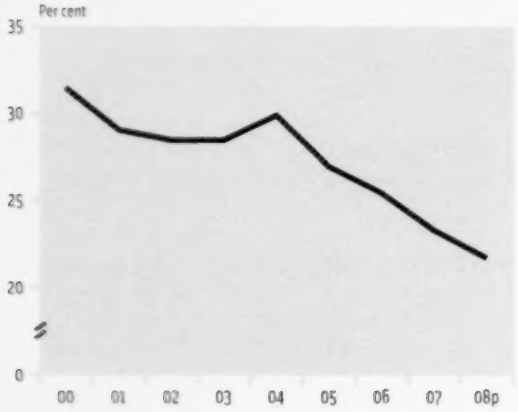
• Revenue and expenditure projections for GBEs and Other Reporting Entities are based on information provided by the entities.

Credit Rating Improvements for Manitoba, 2000-2007

Agency	Action
Moody's	Upgraded to Aa2, January 2003
DBRS	Upgraded to A (high), September 2003
DBRS	Upgraded Short-Term Debt Rating to R-1 Mid, October 2006
Moody's	Upgraded to Aa1, November 2006
Standard & Poor's	Upgraded Outlook from (stable) to (positive), November 2006
Standard & Poor's	Upgraded to AA (stable), December 2007

Source: Manitoba Finance

Manitoba Net Debt as a Percentage of GDP



p - Projected
Note: Dates are for the fiscal year ending March 31
Source: Manitoba Finance

Budget 2008 continues to address the unfunded pension liability by committing to begin funding the Civil Service Superannuation Fund. Mr. Speaker, with today's budget I am proud to say that Manitoba is now funding its full share of current service pension contributions for all employees.

Since our government took office, Manitoba's net debt to GDP ratio has been reduced by more than 30 per cent, from 31.4% in 1999/00 to an estimated 21.7% in 2008/09. We are planning for continued reductions in Manitoba's net debt to GDP ratio over the medium term.

We have also reduced the cost of the debt to taxpayers, with servicing costs now just 6.5 cents on the dollar, down more than 50% from 13.2 cents in 1999.

An important part of our fiscal approach has been to save prudently for the future. We have more than doubled the Fiscal Stabilization Fund from $265 million to a projected balance of $683 million at the end of 2007/08. It will continue to be available to support the core operations of government.

Mr. Speaker, Manitoba has earned six credit rating improvements since 1999, and Budget 2008 follows the same sound fiscal approach that has proven successful for the past eight years.

Keeping Manitoba Affordable

Since 1999, our government has delivered the largest personal and business tax cuts in Manitoba history. Mr. Speaker, with today's budget the tax cuts we have delivered since taking office will save Manitobans more than $1 billion in taxes annually by 2009.

We have provided this unprecedented tax relief while balancing every budget, paying down the debt and pension liability, and investing in vital programs and services. This balanced approach to tax relief is part of our commitment to keep Manitoba affordable for families and for businesses.

Mr. Speaker, Budget 2008 moves forward with new tax cuts that will save Manitobans and businesses $182 million annually. Added to the measures announced in previous budgets that take effect this year and next, taxpayers will have $292 million in new annual savings by 2010.

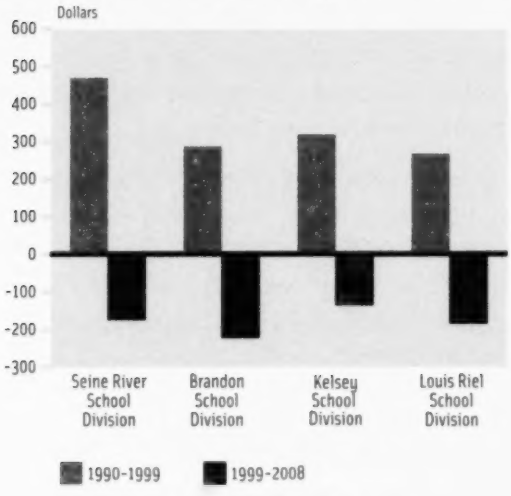
These tax reductions include personal income and property tax savings, business tax reductions, and targeted tax relief to help businesses challenged by global competition.

The impact of education funding on property taxes has long been an issue of public concern, and our government is continuing to act to address this. Mr. Speaker, I am pleased to announce that today's budget increases the Education Property Tax Credit by another $75 to $600 in 2008, saving Manitobans an additional $24.5 million annually. Since 1999, the credit has increased by $350, saving Manitobans more than $117 million each year.

This year's school funding includes a $16 million Tax Incentive Grant to help school districts freeze taxes. In Winnipeg School Division, Manitoba's largest, the freeze saves a homeowner with a $125,000 home more than $25. Combined with the $75 tax credit increase, these savings are more than $100 this year.

The Farmland School Tax Rebate increases to 70% in 2008, up from 65% in 2007 and 33% in 2004, the year it began. It will return more than $30 million to Manitoba farmers in 2008 as a rebate on school taxes paid.

Change in Total Education Property Taxes for a House Assessed at $125,000 in 2008



Source: Manitoba Education, Citizenship and Youth

These measures are part of a comprehensive action plan that has seen property taxes reduced in each of our nine budgets. We have increased the Education Property Tax Credit, raised the seniors' portion of the tax credit, cut farmland school taxes, and eliminated the residential Education Support Levy a year earlier than promised. Taken together, these measures will save Manitobans $250 million in education property taxes in 2008.

Mr. Speaker, reducing education property taxes each and every year is paying dividends. Since 1999, the education taxes on a home assessed at $125,000 have been reduced by an average of 22%, compared to an average increase of 60% during the 1990s.

Mr. Speaker, great progress has been made in making education property taxes more affordable in Manitoba. We will continue this effort as we move toward funding 80% of the total cost of public education, further reducing the reliance on education property taxes.

We are moving forward on our multiyear plan for improving personal tax brackets and rates. Effective January 1, 2009, we will:

- reduce the tax rate for the lowest income bracket to 10.8%;
- raise the threshold for the middle-income bracket to $31,000; and
- raise the threshold for the top bracket to $67,000.

Budget 2008 provides additional personal tax reductions by:

- adding $100 to the Basic Personal Amount for 2009, bringing the total increase in this amount to $1,340 since 1999; and
- adding $100 to the Spousal and Dependent Amounts.

Mr, Speaker, I am proud to report that a total of 2,100 low-income Manitobans will be removed from the tax rolls as a result of these new measures.

Today's budget also increases the basic amount of the Personal Tax Credit to $195 for 2009, benefiting over 281,000 households.

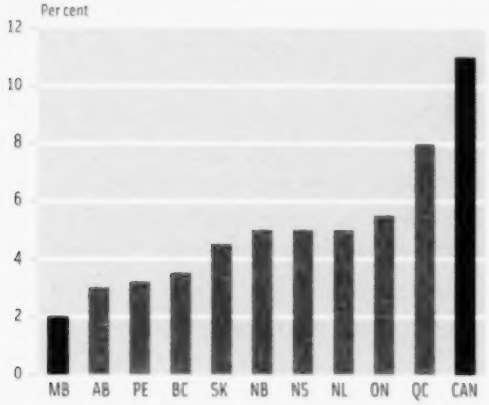
As previously announced, for Manitobans taking advantage of the new Tax-Free Savings Account introduced by the 2008 federal budget, accumulations and withdrawals from those accounts will not be taxed by the province and will not affect benefits under income-tested programs like Pharmacare.

We are proud that Manitoba has the best home care system in the country, serving some 39,000 Manitobans annually. Informal caregivers play a vital role in helping home care clients remain independent as long as possible. The majority of these caregivers are women. Many are aging or are supporting dependent children and caring for aged parents at the same time. Many work part time or are not employed.

Mr. Speaker, today's budget follows through on our promise to provide support to those caregivers with a new Primary Caregiver Tax Credit of $85 per month, up to $1,020 per year for each person cared for starting in 2009. This unique credit is fully refundable, which makes it available to eligible caregivers even if they do not have taxable income.

Mr. Speaker, with today's personal income tax reductions and measures our government has taken in previous

2008 Small Business Corporate Income Tax Rates Across Canada



All rates are effective January 1, 2008, with the exception of PE (April 1, 2008) and BC (July 1, 2008).

Source: Manitoba Finance

years, Manitobans will save $455 million annually in personal income taxes in 2010 and subsequent years.

Since 1999, Manitoba businesses have also benefited from a series of tax reductions aimed at keeping our province competitive. Our plan has reduced both small business and corporation income taxes and Budget 2008 builds on this progress with another $120 million in general and targeted tax cuts.

Mr. Speaker, Manitoba already has the lowest small business tax rate in the country. When the small business rate drops to 1% in January 2009, Manitoba small businesses will save an additional $9.7 million annually. This benefits 80% of taxable businesses.

The general Corporation Income Tax rate will drop to 12% in July 2009. This tax was 17% when we took office and our reductions since then are the first in half a century. Our next goal will be to reduce it to 11% in future years, subject to balancing the budget.

Capital taxes are often criticized for discouraging the investments needed to build more productive and competitive businesses. We listened to this advice and committed to phasing out the general Corporation Capital Tax before 2011.

Budget 2007 reduced the general Corporation Capital Tax rate from 0.5% to 0.4% for corporations with fiscal years starting after January 1, 2008. Today I can confirm that we will cut the rate to 0.3% for their next fiscal year and to 0.2% for the year after that. After December 31, 2010, the general Corporation Capital Tax will be completely eliminated.

Mr. Speaker, for manufacturers and processors particularly impacted by the high Canadian dollar, I am pleased to announce that we will:

- eliminate the Corporation Capital Tax for manufacturers and processors as of July 2008, freeing up about $25 million annually to invest in enhancing productivity and competitiveness; and
- extend the Manufacturing Investment Tax Credit to the end of 2011, providing added certainty to business and building on the recent increase of the refundable portion of the credit to 70% which saves businesses $2.8 million annually.

Today's budget also extends the Community Enterprise Development Tax Credit.

Mr. Speaker, Budget 2008 offers tax credits that help build a skilled workforce in Manitoba. The Co-operative Education Tax Credit is being expanded and renamed as the Co-op Education and Apprenticeship Tax Credits. The new component will provide an employer who hires a recent graduate from an apprenticeship program with a tax credit of up to $2,500 a year for up to two years for each journeyperson they hire.

Budget 2008 also uses strategic tax measures to attract and grow new industries. Manitoba's Film and Video Production Tax Credit is one such measure that has been tremendously successful. This is the fifth consecutive year that production values will reach $100 million or more annually.

Mr. Speaker, I am pleased to announce that we are enhancing the very successful Film and Video Production Tax Credit to maintain our competitive advantage and continue to build the local film industry by:

- introducing a 5% bonus for films with a Manitoba producer;
- doubling the Frequent Filming bonus to 10%; and
- refining the skills transfer requirements.

Based on the success of our film and video tax incentive, Budget 2008 adds two new tax credit programs to encourage new growth in emerging industries. The first is Manitoba's rapidly-developing digital media industry, which has the potential for explosive growth.

Mr. Speaker, I am pleased to introduce the new Interactive Digital Media Tax Credit. This replaces the New Media Production Grant program and will provide up to $2 million to encourage development of new digital media products through a refundable tax credit equal to 40% of eligible Manitoba labour costs. This represents a 10-fold increase in assistance to this emerging industry.

Manitoba's book publishing industry is also a sector with strong growth potential. Currently, it is a $7 million industry, with seventy-five percent of book sales by local publishers occurring beyond our borders.

Mr. Speaker, I am pleased to announce that today's budget introduces a new Book Publishing Tax Credit which will help this industry expand by providing a refundable income tax credit equal to 40% of eligible Manitoba labour costs. This tax credit will also encourage environmentally-responsible publishing by offering an additional 10% bonus for books printed on forest-friendly paper.

This forest-friendly incentive is just one of the tax measures contained in today's budget that are part of our broader effort to build a sustainable economy. The budget also extends the Riparian Tax Credit and contains a new measure to help reduce greenhouse gas emissions and advance our movement toward a carbon-neutral economy.

We are working to reduce the emissions from coal as an energy source. We have addressed the use of coal by Manitoba Hydro, and now we will work with other industries to make the transition from coal to less environmentally damaging fuels.

Mr. Speaker, today I am announcing we will introduce a new emissions tax on the burning of coal - $10 per tonne of carbon-dioxide-equivalent emissions. We plan to have this tax be revenue neutral – the money raised will be invested to help industries make an economically sustainable transition. To give industry time to adjust, this tax will not take effect before July 2011.

Conclusion

Budget 2008 is balanced, builds on our strong, stable economy and creates opportunities to move forward on Manitobans' priorities:

- more support for health care and education;
- protection for our water and environment;
- increased funding to keep our communities safe;
- investment in Manitoba's infrastructure; and
- tax relief for Manitoba families, graduating students, and businesses.

There are challenges ahead of us but Manitoba is well-positioned to meet those challenges. Manitoba's past eight years of steady growth creates opportunities for our young people, our families and our businesses.

Mr. Speaker, Budget 2008 positions Manitoba to meet the challenges ahead and grow for the future.